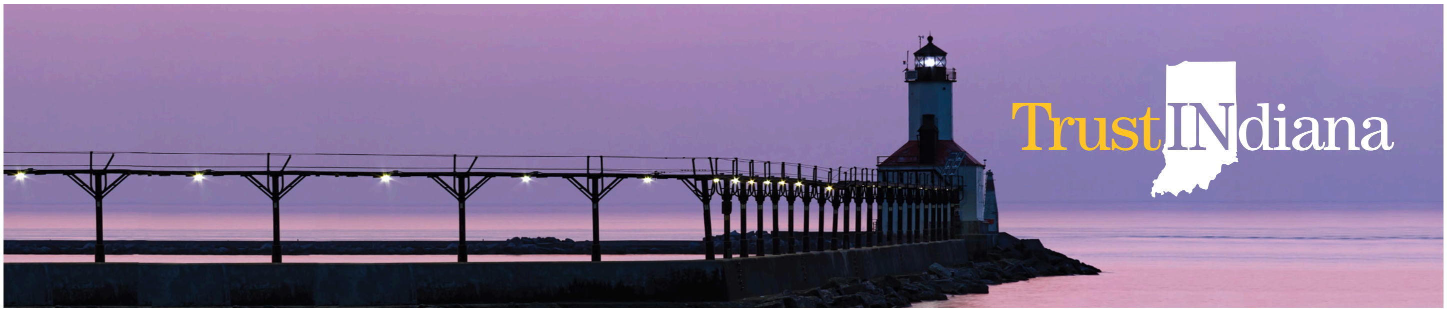
TheINVESTOR

April 2016



Local Government Investment Pool

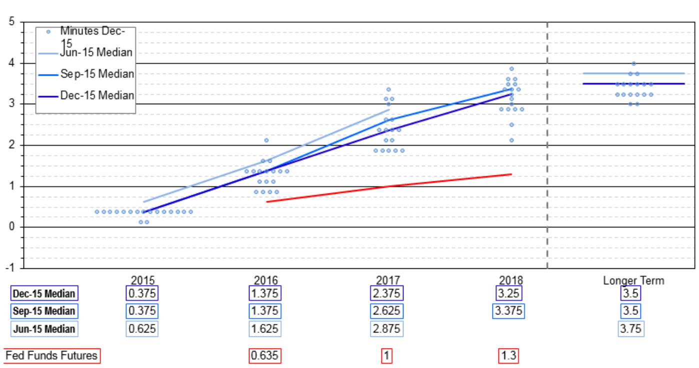
Economic Commentary

Don't Fight the Fed?

Four times each year, members of the Federal Reserve (Fed) release their projections for economic growth, unemployment, inflation and the underlying interest rate associated with these forecasts. This interest rate projection, known as the "dot plot", serves as a guide of where the Fed expects to take interest rates over time. Whenever the Fed releases an updated set of projections, it has the potential to be a market-moving event. For this reason, the recent disparity between the Fed's dot plot and what the bond market is actually pricing into the yield curve should be of particular interest to fixed-income investors.

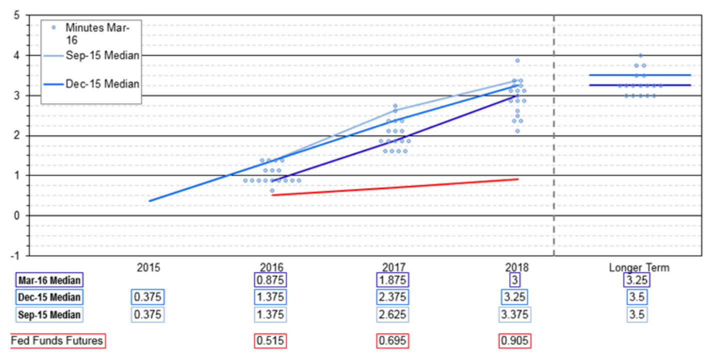
The saying "don't fight the Fed" implies that investors tends to fare better when their interests are aligned with that of the Federal Reserve rather than against it. However, the bond market continues to take a less sanguine view of the economy than the Fed. Unfortunately for those that set monetary policy, the market's pessimistic view has proven to be a bit more accurate for some time now.

To illustrate, in December the Fed raised its target rate for the first time in seven years. From the Fed's perspective, the rate increase was warranted by the steady improvement in the labor market and confidence that inflation would gradually rise towards its 2 percent target over time. Moreover, the accompanying dot plot projected four additional rate increases in 2016 (see the graph below). However, the bond market wasn't buying it, believing the substantial global headwinds would allow for two or three rate hikes at most.



Source: Bloomberg

As it turns out, financial conditions rapidly deteriorated in January. At the low point in February the possibility of even one rate hike from the Fed seemed implausible. Fortunately the outlook brightened by the time the March dot plot (see below) was released, even if the projection was now downgraded to two rate hikes from four by year end. So much for that December forecast, but the truth is that a lot has changed since the early inception of the infamous "dots."



Source: Bloomberg

When the Fed first released the dot-plot in January 2012, expectations for rate hikes were priced far into the future. Now, every Fed meeting is assumed to be "live" where the decision to raise rates could occur at any time. The Fed's message has been garbled at times, but it has stressed a desire to move away from time-based forecasts to analyzing the current economic conditions before taking action. In light of the market turbulence in the first quarter, the shift from four rate hikes to two should not come as a great surprise.

While probably wise to not "fight the Fed", we must simply realize that these dots are not carved in stone. As before the Fed is still a bit more optimistic, now calling for two rate increases this year while the market is positioned for just one. Just keep in mind that either position could be correct, as it all depends on the future performance of the economy and relative stability of the financial markets.

The**ECONOMY**

No Breaks

Weak economic growth and the accompanying market volatility placed investors on edge earlier this year. Since then, the world's central banks have renewed their efforts to stimulate the global economy, helping riskier assets ending March on much firmer ground. For its part, the Federal Reserve (Fed) continues to go it alone. Seemingly a bit too optimistic with its projections in December, the Fed now forecasts just two additional rate hikes this year. Consistent gains in payrolls and wage growth continue to buoy the U.S. consumer, encouraging the Fed to remain vigilant.

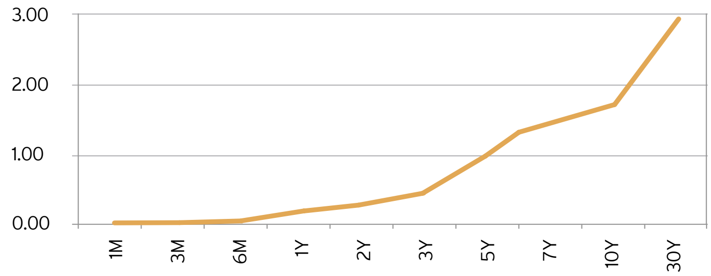
While often uneven and less than spectacular, the U.S. economy still compares quite favorably to that of its peers. However, recent comments from Fed Chair Janet Yellen indicate that the threats to domestic growth from abroad are now deemed too significant to ignore. As such, any additional rate hikes may not be tied solely to the health of the U.S. economy, but that of the world. China's efforts to engineer a soft landing as it shifts from an investment to consumption based economy appears to be of particular interest to the Fed.

The current U.S. economic expansion that began in July 2009 ranks as one of the longest in the post-war period. Yet fundamental strength in the labor market coupled with the marked improvement in consumer balance sheets could keep the positive momentum going for some time to come. Under normal circumstances, the Fed might feel the pressure to act and keep inflation at bay. Instead, it now appears the Fed is content to let the economy run a little hot. In effect, this should keep the strength of the dollar in check while buying a bit more time before applying the breaks this year.

Portfolio Strategy

Short-term interest rates have shifted higher with the Fed's first rate increase in over nine years. We will look for prudent opportunities to take advantage of the higher rates available, while maintaining flexibility as the Fed may gradually raise rates during the year.

US Treasury Curve



Source: Bloomberg

Treasury Yields

MATURITY	4/4/16	3/4/16	CHANGE
3 Month	0.220%	0.290%	-0.070%
6 Month	0.300%	0.380%	-0.080%
1 -Year	0.600%	0.640%	-0.040%

Source: Bloomberg

Agency Yields

MATURITY	4/4/16	3/4/16	CHANGE
3 Month	0.320%	0.360%	-0.040%
6 Month	0.400%	0.460%	-0.060%
1 -Year	0.550%	0.620%	-0.070%

Source: Bloomberg

Commercial Paper Yields (A-1/P-1)

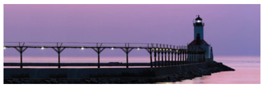
MATURITY	4/4/16	3/4/16	CHANGE
1 Month	0.420%	0.470%	-0.050%
3 Month	0.580%	0.600%	-0.020%
6 Month	0.850%	0.840%	0.010%
9 Month	1.010%	0.990%	0.020%

Source: Bloomberg

Current Economic Releases

DATA	PERIOD	VALUE
GDP QoQ	Q4 '15	1.40%
US Unemployment	Mar '16	5.00%
ISM Manufacturing	Mar '16	51.8
PPI YoY	Feb '16	-1.90%
CPI YoY	Feb '16	1.00%
Fed Funds Target	Mar 16 '16	0.25% - 0.50%

Source: Bloomberg



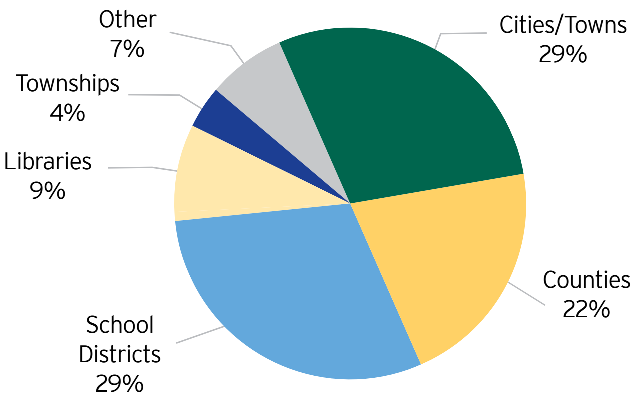
TrustINdiana™

TheINVESTOR April 2016

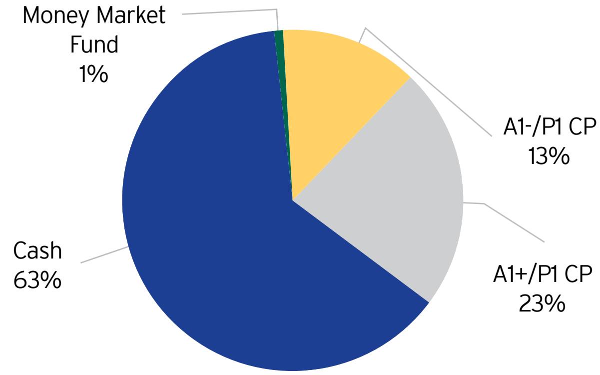
TheFUND

Fund Highlights as of March 31, 2016 (Unaudited)

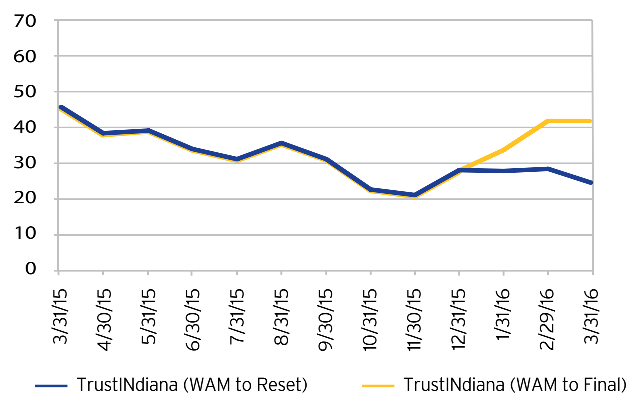
Participant Breakdown



Portfolio Distribution

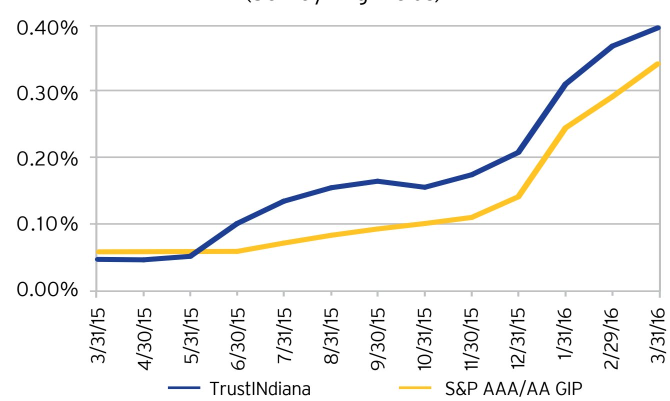


Weighted Average Maturity



TrustINdiana vs S&P AAA/AA GIP*

(30 Day Avg Yields)



Month	Avg Daily Yields**	WAM (to Reset)***	NAV	Month Ending Net Assets
Jan-16	0.31%	27	1.00	$503,044,945.85
Feb-16	0.37%	28	1.00	$506,556,817.62
Mar-16	0.40%	25	1.00	$505,451,245.89

*** 30 day yield as of the last day of the month* **** As of the end of the last day of the month*

Public Trust Advisors, LLC took over the management and advisory services effective May 1, 2015. All data prior to this date is from the previous Investment Advisor. As both Investment Advisors adhered to the investment policy there may be variances in yield, weighted average maturities and portfolio composition due to differing investment style.

Data Unaudited. All comments and discussion presented are purely based on opinion and assumptions, not fact, and these assumptions may or may not be correct based on foreseen and unforeseen events. The information above is not a recommendation to buy, sell, implement or change any securities or investment strategy, function or process. Any financial and/or investment decision should be made only after considerable research, consideration and involvement with an experienced professional engaged for the specific purpose. Additionally, past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.

*The benchmark, the S&P US AAA & AA Rated GIP All 30 Day Net Yield (LGIP30D) is a performance indicator of rated GIPs that maintain a stable net asset value of $1.00 per share and is an unmanaged market index representative of the LGIP universe. The S&P benchmark utilized in this comparison is a composite of all rated stable net asset value pools. GIPs in the index include only those rated based on Standard & Poor's money market criteria. Pools rated 'AAAm' provide excellent safety and a superior capacity to maintain principal value while those rated 'AAm' offer very good safety and a strong capacity to maintain principal value (Source: Standard & Poor's website.) The comparison between this index and the portfolio may differ in holdings, duration and percentage composition of each holding. Such differences may account for variances in yield.